

**Statement of Congressman Jeb Hensarling
Subcommittee on Legislative and Budget Process
March 11, 2004**

Madame Chairwoman, I want to thank you for having this hearing and allowing me to participate. It is a great privilege to testify this afternoon before this committee.

There is no doubt about why we need to overhaul the budget process. Since 1998, the amount government spends annually per household has risen from \$16,000 to \$21,000 – the largest five year expansion of government since World War II. This marks only the fourth time in US history that federal spending has exceeded \$20,000 per household. September 11th is not the only culprit. Since 2001, 55% of all new spending has been on programs unrelated to the war on terror despite historical precedent that argues that in times of war the nation must reprioritize and restrain nondefense spending. Discretionary spending has risen 63% over five years, shredding any argument that our budget woes result solely from runaway entitlements. Mandatory spending certainly remains a growing problem. In 2003, it reached 11% of GDP for the first time ever.

Virtually any metric we choose tells us that spending is out of control and has been for generations. For instance, the federal budget has been growing seven times faster than the family budget over the past two generations. With the expiration of the many enforcement measures instituted by Gramm-Rudman-Hollings in 1985 and the Budget Enforcement Act in 1990, the President has asked us to turn our attention once again to the budget process.

Before we consider specific reforms, we have to first understand that our collective failure to control spending is linked directly to a process that is rigged to spend. The political choice lawmakers are given in regard to funding for a specific program is to spend more and be for a program or spend less and be against it. Those of us with a competing vision – who say that families should be spending more of the money on the arts, nutrition, housing, and other legitimate needs – are always against something. When it comes to spending money, the question has always been: Are you for a specific human need symbolized by government spending on that need? This loaded question is the key component of a liberal spending machine, developed and fine-tuned over the past sixty years to deliver more government, higher taxes, and less freedom.

Our bill – the Family Budget Protection Act – is an effort to change that machinery. It has four main components. First, it would transform the budget resolution from a mere suggestion to a simple and legally binding budget. The twenty main functional spending categories would be reduced to four to encourage broad agreements on overall totals early in the year before a single dime is actually spent.

Second, it puts a lid on the federal budget by placing caps on discretionary and mandatory spending, forcing Congress to draw up new priorities. In addition, our bill creates “Family Budget Protection Accounts” so that fiscally responsible Members can be *for* something during the spending process. If a Member decides that the Corporation for Public Broadcasting should not be a priority, he can offer an amendment during the appropriations process to transfer that funding to the discretionary account for family tax relief or deficit reduction. If a Member wants families to spend more money on child care rather than the government, she can offer an amendment during consideration of the welfare reform bill to transfer that funding to the mandatory account.

Third, our bill would place a premium on reducing spending without cutting needed services by eliminating waste, fraud, and abuse. For instance, every unearned entitlement and discretionary program would be sunset to force each to justify their continued existence to taxpayers. 20 states, including Texas, have already employed this important reform to save money. Texas taxpayers saved \$630 million when twenty-three agencies were eliminated because they were no longer providing needed services. And while families may call it something else, the concept of sunseting is familiar to every family in America. For instance, can you imagine if *your* family made mortgage payments to the bank ten years after the house was fully paid for? Finally, our bill forces us to honestly account for our long-term funding obligations and spending habits. For instance, we eliminate “baseline budgeting” which allows proponents of spending to call scaled-back increases a cut.

One of the provisions that may be of concern to this committee is our “point of order protection.” This is an effort to ensure that points of order lying against spending measure cannot be routinely waived prior to House floor consideration. I believe it is one of the most important reforms we can make. There are so many points of order currently on the books that could

be used to curb spending but we fail to let them be used. As a result, points of order have rarely been utilized in the House of Representatives. I recently asked the Budget Committee staff how many times the House has waived points of order in the 108th Congress, and I was told that it occurred too often to keep track. None of us want to take jurisdiction away from any committee, but at some point we have to find a way to ensure that the enforcement tools we set today are available when we need them tomorrow.

In conclusion, I want to remind us of something President Reagan once said. “Spending by government must be limited to those functions which are the proper province of government. We can no longer afford things simply because we think of them.” Do we really believe that anymore? If so, we need to change the process that keeps our actions from speaking louder than our words. We need to retool the federal spending machine in favor of the American family. This hearing is evidence of the fact that there are so many good ideas on the table from Members with very different political and philosophical persuasions. Let’s not let this opportunity fall by the wayside.